



SENATE BILL 388: Qualifying Farmer Zoo Sales Tax Exemption.

2021-2022 General Assembly

Committee:	Senate Finance. If favorable, re-refer to Rules and Operations of the Senate	Date:	May 4, 2021
Introduced by:	Sens. Sawyer, B. Jackson	Prepared by:	Cindy Avrette
Analysis of:	PCS to First Edition S388-CSRBF-4		Staff Attorney

OVERVIEW: *Senate Bill 388 would allow qualifying farmers that also have zoo operations to purchase items for the zoo under their qualifying farmer sales tax exemption certificate. The proposed committee substitute makes clarifying changes to the bill draft and changes the effective date from July 1, 2021 to October 1, 2021.*

CURRENT LAW: A qualifying farmer or a farmer with a conditional exemption certificate may purchase many items used in the farming operation without paying sales and use tax on the items. To be a qualifying farmer, a person must have an annual income from farming operations for the preceding taxable year of \$10,000 or more or have an average annual income from farming operations for the three preceding taxable years of \$10,000. A person who does not meet the definition of a qualifying farmer may apply to the Department of Revenue for a conditional exemption certificate if the person certifies that the person intends to engage in farming operations and will timely file income tax returns that reflect the person's farming operations. A conditional exemption certificate is valid for the year it is issued and the following two taxable years.

The items that may be exempt from sales tax when purchased by a person with a farmer sales tax exemption certificate and used in the person's farming operations include the following:

- Fuel, piped natural gas, and electricity.
- Farm equipment and attachments and repair parts for farm equipment.
- Containers used in the production of animals.
- Substances purchased for use on animals, such as vaccines and medications.
- Facilities and building materials for the housing, raising, or feeding of animals.
- Repair, maintenance, and installation services.

BILL ANALYSIS: The bill would allow a qualifying farmer or a person with a conditional exemption certificate who also has a zoo operation to purchase items for use in the zoo operations exempt from sales and use tax. The bill does not change the definition of a qualifying farmer. A person must meet the income requirement to qualify as a farmer through the person's farming operations. The bill does not expand the items that are exempt from tax. It does expand the purposes for which a farmer may purchase the item and receive the exemption to include for use in the farmer's zoo operations. An item is used for zoo operations if it is used for the housing, raising, or feeding of animals for public display.

EFFECTIVE DATE: The bill becomes effective October 1, 2021 and applies to purchases made on or after that date.

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